

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
In re : Chapter 11
:
EXTENDED STAY INC., *et al.*, :
:
Debtors. : Case No. 09-13764(JMP)
:
(Jointly Administered)
-----x

ORDER PURSUANT TO 11 U.S.C. § 1104(c)
DIRECTING THE APPOINTMENT OF AN EXAMINER

Upon the motion (the “Motion”) dated July 30, 2009 of the United States Trustee for appointment of an examiner, pursuant to section 1104(c) of title 11 of the United States Code (the “Bankruptcy Code”); the Court having jurisdiction over this matter and the relief requested in the Motion pursuant to 28 U.S.C. §§ 157 and 1334; it appearing that this is a core proceeding pursuant to 28 U.S.C. §§ 157(b); and due and sufficient notice of the Motion having been given under the circumstances; and a hearing having been held before the Court; and the Court having heard and considered all of the arguments and comments made by the parties in interest to the Motion; and upon the record made before the Court and the record having been So Ordered to direct the appointment of an examiner in these jointly administered Chapter 11 cases and, after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that, the Motion is granted to the extent provided herein; and it is further

ORDERED that, pursuant to section 1104(d) of the Bankruptcy Code, the United States Trustee shall promptly appoint an examiner (the “Examiner”) in these jointly administered cases, to conduct the investigation set forth below; and it is further

ORDERED that, the Examiner should conduct an investigation on: (i) the structuring,

negotiation and closing of the Acquisition,¹ (ii) the events and circumstances that led to the Debtors' filing for chapter 11 protection, (iii) whether the Debtors' estates have any claims against Lichtenstein and/or any of the companies that he controls or any other insider relating to the Acquisition or the commencement of these Chapter 11 cases, and (iv) whether the Debtors' estates have any claims against the Mortgage Lenders relating to the financing for the Acquisition or the commencement of these Chapter 11 cases (the "Investigation"); and it is further

ORDERED that, the Examiner shall perform the duties specified in section 1106(a)(3) and (4) of the Bankruptcy Code, except to the extent the Court orders otherwise; and it is further

ORDERED that, the Examiner may retain attorneys and any professional persons, if he or she determines that such retention is necessary to discharge his or her duties, with such retention to be subject to Court approval under standards equivalent to those set forth in section 327 of the Bankruptcy Code; and it is further

ORDERED that, the Examiner and his or her Court-approved professional persons shall be compensated and reimbursed for their expenses pursuant to the procedures for interim compensation and reimbursement of professionals ordered in these cases. Compensation and reimbursement of the Examiner shall be determined pursuant to section 330 of the Bankruptcy Code, and compensation and reimbursement of the Examiner's professional persons shall be determined pursuant to standards equivalent to those set forth in section 330 of the Bankruptcy Code; and it is further

¹ Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Motion.

ORDERED that, this Order is without prejudice to the Examiner's seeking other relief from the Court as the Examiner may deem appropriate in furtherance of the discharge of his or her duties and the Investigation; and it is further

ORDERED that, all parties in interest may use any documents or other materials disclosed in the Examiner's report in any proceeding in these chapter 11 cases consistent with the Federal Rules of Bankruptcy Procedure and the Federal Rules of Evidence; and it is further

Dated: New York, New York
 August __, 2009

UNITED STATES BANKRUPTCY JUDGE